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INFO RUEHAC/AMEMBASSY ASUNCION 8692
RUEHBO/AMEMBASSY BOGOTA 6052
RUEHBR/AMEMBASSY BRASILIA 0015
RUEHBU/AMEMBASSY BUENOS AIRES 7237
RUEHCV/AMEMBASSY CARACAS 4283
RUEHCP/AMEMBASSY COPENHAGEN 0295
RUEHPE/AMEMBASSY LIMA 4616
RUEHMN/AMEMBASSY MONTEVIDEO 6045
RUEHQT/AMEMBASSY QUITO 6900
RUEHSG/AMEMBASSY SANTIAGO 1678
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C O N F I D E N T I A L LA PAZ 000004

SIPDIS

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TAGS: [PGOV](#) [PREL](#) [PINR](#) [BL](#) [ECON](#) [EFIN](#)
SUBJECT: MORALES OFFERS OBAMA DIALOGUE, OR SETS TRAP?

REF: LA PAZ 2391

Classified By: A/EcoPol Chief Brian Quigley for reasons 1.4 (b, d)

¶1. (C) Summary: In a relatively restrained New Year's Day address, Bolivian President Evo Morales offered to dialogue with President-elect Barack Obama regarding suspension of Andean Trade Promotion and Drug Eradication Act benefits instead of pursuing a complaint with the World Trade Organization. Morales saluted the 50th anniversary of the Cuban revolution, but did not use the speech to highlight his recent proposal to readmit Cuba into the Organization of American States. Post notes that official statements by the Government of Bolivia since Obama's election victory are consistent with a strategy of setting expectations unrealistically high, so if demands are not met Morales can claim he tried dialogue and was rejected by "the evil empire." End summary.

¶2. (U) In his New Year's Day address, President Evo Morales struck a relatively less bellicose tone toward the United States, offering to dialogue with President-elect Barack Obama on economic issues, including suspension of Andean Trade Promotion and Drug Eradication Act (ATPDEA) benefits. Until recently, the Morales administration had resolved to bring the suspension of ATPDEA benefits to the World Trade Organization (WTO). Morales stated again in his speech his belief that the U.S. "is complying with neither its own internal rules nor with international standards," but said he had asked the Foreign Ministry to suspend its complaint to the WTO (septel).

¶3. (U) Morales also stated, "But I learned something. When there are problems with the government, the U.S. tries to cut our credit, any cooperation; or in the market many countries appear to accept these themes questioned by the U.S. government. In 2006 some ministers were concerned about the Millennium Challenge Account, and I told them in the Cabinet: there will not be any Millennium Account. There is a Millennium Challenge Account for those who support, promote, and strengthen a capitalist system and we have another model. Here we are competing to seek equality between all Bolivians."

¶4. (U) Morales used the bulk of the speech to salute the 50th

anniversary of the Cuban revolution, and called again for the end of the U.S. blockade. However, he did not use the speech to highlight his recent proposal to create a new version of the Organization of American States (OAS) with Cuba as a member and without the U.S. (Note: Cuba was expelled from the OAS in 1961. End note.)

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Comment
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15. (C) Reasons for Morales' backtracking on the WTO complaint are unclear. While Morales says he is offering Obama a chance to discuss the issue before making a formal complaint, there is also the possibility that Morales' advisors have alerted him to the fact that bilateral agreements such as ATPDEA are not regulated by the WTO. Morales may be looking for a graceful exit from what could otherwise be a humiliating international clarification from the WTO.

16. (C) While Morales may genuinely believe there exists a kind of kinship between himself and President-elect Obama, as he has stated in the past (reftel), Post is concerned Morales continues to set expectations unrealistically high on purpose. If Morales' demands are not met by the Obama administration, he can claim he tried dialogue and was rejected by "the evil empire." Still, in this case, the jury is out on whether Morales is simply taking a breather from bashing the U.S. as strenuously as usual, is looking for a way out of his own ATPDEA proposal mess, or if he truly expects the Obama administration to look favorably on the Morales revolution.
LAMBERT